

The progress of financial market integration in East Asia

ABSTRACT

The study investigates the progress of financial market integration in selected East Asian countries after the 1997 financial crisis. Adopting Johansen (Econometrica 59:1551–1580, 1991) multivariate cointegration on the region's credit and stock markets, the study finds only partial cointegration in both markets which imply a low level of integration. However, for regional stock markets, the result suggests that the level of integration has been improving after the crisis.

Keyword: East Asia; Financial market; Integration; Cointegration